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ABSTRACT

In the context of the increasing transfer of power from the federal government to state governments, this report analyzes existing data and offers critical information about state legislative higher education policy and insights into the values and attitudes legislators hold about higher education. The report's conclusions are based on a study that involved in-depth telephone interviews conducted in 1995 with 58 house and senate education committee chairs in 49 states. Section 1 describes the legislative and higher education environments which provide a context for legislative policy making. Sections 2 through 5 are organized around four general policy questions that emerged from the broad range of higher education issues and concerns addressed by state legislatures in 1995. These addressed: (1) new expectations and roles for higher education given its changing 'clientele' and emerging state priorities; (2) the organization and governance of higher education; (3) accommodating access to higher education with limited state resources; and (4) funding and accountability in higher education. Section 6, the conclusion, summarizes the findings on each of these issues and their implications. Appendixes contain a copy of the survey, information on the methodology, and a state data table. (Contains 14 references.) (JB)

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NEA National Center for Innovation
and Office of Higher Education
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PREFACE

THE SEARCH FOR REMEDY

The primary responsibility of state legislatures, put simply, is to act in the public interest and resolve matters of public concern. But little else about the legislature's role in setting public policy is simple. State legislatures rely chiefly on tools of debate, conflict resolution, and consensus building to solve policy problems in a fair and open manner — a democratic process historian Arthur Schlesinger Jr. has referred to as the "search for remedy." In recent decades, the search for remedies has been hampered by numerous political stumbling blocks along the way.

As Washington continues to transfer power to the states, legislatures are addressing a far wider range and more complex set of issues than ever before. State legislators are asked to weigh multiple disparate points of view, and they rely increasingly on the expertise of others to inform their decisions. Competing, often conflicting, priorities require making concessions or compromises. Whatever the length of a state's legislative session, time does not always allow for adequate consideration of all significant legislative concerns. In the end, some decisions may be left to the whims of expediency rather than the rigors of deliberative public debate.

Higher education is one policy arena where the search for remedies is being sorely tested. At a time when the nation, states, and the public are discovering that a college education is indispensable for economic and social well-being, higher education's increasing price and contracting availability are putting it increasingly out of reach for many citizens. Legislatures in many states, along with colleges and universities, face the daunting task of providing a high quality and affordable college education to a growing and more diverse group of students with, at best, constrained public resources. The consensus developing among policymakers, the higher education community, and the public alike is that meeting this challenge may require a fundamental *restructuring* of the way higher education is organized, delivered, financed,

and evaluated. What remains far from resolved are the next steps — agreement on the nature, degree, and scope of reform and the actions required of all those with a stake in higher education to implement change.

Central to this discussion are questions regarding how state legislatures will respond to this challenge. What are the states' legislative agendas for addressing higher education's most pressing problems, such as rising costs, increased enrollment demands, quality concerns, and public accountability? What strategies and policy options are state legislatures likely to adopt to address these concerns? What factors influence legislative policy decisions? Perhaps most important, how is the legislative "search for remedy" conditioned by the seismic shift in political leadership that occurred in state houses since the November 1994 elections?

ABOUT THIS REPORT

These questions formed the basis for a study of state legislatures commissioned by the National Education Association (NEA). The state legislative Higher Education Issues Survey (HEIS) was developed by Educational Systems Research as a central component of the study. This report describes the findings of the HEIS drawn from in-depth telephone interviews conducted from February through August 1995 with 58 house and senate education committee chairs in 49 states. The report's objectives are to offer critical information about state legislative higher education policy and to provide insights into the values and attitudes legislators hold about higher education. (*Appendix A* is a copy of the survey questionnaire. *Appendix B* describes the survey methodology and contains a summary profile of respondents.)

The NEA commissioned this study in order to provide its affiliates and others with a general background and a point of departure for further discussion. This report has been prepared with two audiences in mind. For state policymakers, it can serve as another way of communicating across state lines, sharing ideas about problems and potential solutions. For members of the higher education community, it provides a better understanding of state higher education policy issues. Taken together, it lays a foundation for thoughtful and deliberative debate about the most pressing policy concerns facing higher education.

It is important to point out that the report describes general

patterns and trends drawn from the sum of legislators' responses. It should not be assumed that all the findings will apply in any particular state. Instead, the report seeks to reflect accurately and impartially the *collective* voice of state legislators. A basic assumption of the study is that the way in which legislators themselves define problems provides critical clues to their perceptions of underlying causes and potential solutions. Most information about state legislative higher education issues is based on surveys of people other than legislators — campus liaisons, higher education officials, or legislative staff. While such surveys are unarguably valuable, this report represents a unique opportunity to highlight and clarify basic policy questions that need resolution based on the perspectives of higher education's leading state lawmakers.

REPORT ORGANIZATION

The report is organized into six sections. In Section I, the introduction, the legislative and higher education environments which provide a context for legislative policymaking are described. Sections II through Section V are organized around four general policy questions for which state legislatures are currently seeking answers. These four questions emerged from among the broad range of higher education issues and concerns addressed by state legislatures in 1995.

Section II examines *"What are the new expectations and roles for higher education given its changing 'clientele' and emerging state priorities?"* Section III looks at responses to *"How should higher education be organized and governed?"* In Section IV, the question addressed is *"How can access to higher education be accommodated with limited state resources?"* Section V is concerned with *"How should higher education be funded and held accountable for results?"* Section VI, the conclusion, summarizes the findings and their implications as the basis for further discussion.

ACKNOWLEDGMENTS

The author gratefully acknowledges the support received from the NEA, and in particular, Christine Maitland, NEA's higher education coordinator and Oscar Uribe, program manager, National Center for Innovation. The author and NEA deeply appreciate the invaluable insights and expertise of the 58 state legislators who helped make this study possible. Additionally, many other people contributed their time

and energy to this study. Richard C. Richardson Jr. at Arizona State University assisted in the technical development and design of the survey questionnaire; Mandy Engel-Cartie at the Council of State Governments provided an updated roster of state legislative education committee chairs; and Jim Adams-Berger at OMNI Research and Training, Inc. assisted in the quantitative and qualitative analyses of the survey data. Kris Anderson Dougherty in NEA Publishing assisted in editing the report. A special note of appreciation is extended to Mario Martinez at Arizona State University, who ably shared in the responsibilities of scheduling and conducting telephone interviews.

Several others provided assistance in planning and review activities at various stages of the study, including Ansley Abraham, Julie Davis Bell, Kathy Reeves Bracco, Patrick Callan, Alfredo de los Santos, Joni Finney, John Hammang, Rachel Hendrickson, Richard Jonsen, Dewayne Matthews, James Mingle, Stephen Portch, Alene Russell, Robert Sweeney, and Ellen Wert. Their knowledge and expertise added immeasurably to improving both the design and implementation of the study. Responsibility for the contents, however, must rest ultimately with the author and NEA.

SECTION I

INTRODUCTION

THE POLICYMAKING CONTEXT

Policy is typically not developed in isolation. State legislative higher education policies are best examined relative to the state legislative and higher education environments in which they operate. In this section, key aspects of both environments are described. Although circumstances vary across states, and even fluctuate over time, prevailing conditions in these environments provide a context for policy decisions. They become, in essence, lenses through which legislative views and actions can be more clearly interpreted and understood.

LEGISLATIVE AUTHORITY

State level higher education policies emanate from different sources, including the legislature, executive branch, and coordinating or governing boards. The legislature's role in higher education policymaking in any state depends on the degree of authority retained or held by it relative to the other sources. The Maryland legislature, for example, exercises little independent authority vis á vis the executive branch and rarely initiates policies on its own. The legislature's defined role is to implement the governor's agenda. In other states, due in part to the increasing professionalization and growing independence of legislatures, it is becoming more common for legislatures to develop their own initiatives that in some instances challenge gubernatorial agendas. Such was the case in 1995 in Virginia, when the Democratic majority legislature succeeded in derailing the new Republican governor's agenda and restoring higher education budget cuts.

The education committee chair can play a pivotal role in the legislative process. Within the education committee, the chair typically controls what bills will be considered, when the committee meets, and if public hearings are to be held. If he/she is a strong leader, the chair can set the tone for the legislature's relationship with higher education.

As one long-time legislator remarked, "I kill a lot of legislation that I agree with; but I don't feel the legislature should be making all those decisions." Even within the appropriations committee, where funds are allocated and where occasionally higher education policy issues are inserted as part of an appropriations package, the education committee chair can exert considerable influence.

POLITICAL ACTIVISM

The GOP's stunning victory in the 1994 mid-term elections was just one consequence of an anti-incumbent mood that has swept much of the country in recent years. It also marked a dramatic turning point in the direction of American politics. For the first time in nearly four decades, the Republican party is now the majority coalition represented in the U.S. Congress, in state executive offices, and among state legislatures.

1994 ELECTION RESULTS AT A GLANCE

In all, nineteen new governors and over 1500 state legislators were elected to office:

- **Thirty states are now led by Republican governors.**
- **Fourteen of the 36 states that held gubernatorial elections in 1994 elected new Republican governors; 11 of them replacing Democrats.**
- **In another 10 states, incumbent Republican governors were re-elected. Maine's governor is an Independent.**
- **In nearly every state that held legislative elections, there were reported gains by the GOP, for a total of 408 seats.**
- **Republicans now control both chambers of the legislature in 19 states while Democrats are in control of 18 with another 12 states split. (Nebraska, has a single, non-partisan chamber.)**

The significant GOP gains in 1994 state legislative elections gave Republicans only a slim lead in the number of house and senate chambers they control. Since the election, Republicans now control both legislative chambers in 19 states while Democrats hold sway in 18 states. In another 12 states, control is split between the two parties. This equal balance in party control of state legislatures nationally is reflected in the profile of education committee chairs who participated in the HEIS. When asked their political party affiliation, 30, or slightly more than half of all respondents, reported their political party affiliation as Republican; 28 cited Democratic. This parity extends as well to recently elected legislators. Of the 21 (38 percent) who have served 5 or fewer years in office, 12 are Republicans and 9 are Democrats.

As part of our analysis, we examined the survey findings to

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uncover any important differences in legislative responses which could be attributed to either party affiliation or length of legislative service. One might expect that the response of legislators who came into office in the 1990s might be distinct because of the changed context for higher education and the new political climate into which they were elected. With few exceptions, which are noted in the text, the responses of those who have served five or fewer years in office did not differ appreciably from all other responses. By and large, the same held true for distinctions between Democrats and Republicans. It is in the response of those legislators serving in their first year as education committee chair where more interesting differences related to political party affiliation occur.

In many state legislatures, the changes in legislative control and the departure of many long-time legislators have meant the appointment of new committee chairs. In our survey of 58 legislators, 30 (54 percent) were serving in their first year as education committee chairs, although that did not necessarily mean they were newly elected to the legislature. Fifteen, or half of the new chairs, had served five or fewer years in the state legislature. Among the new committee chairs, the proportion of Republicans and Democrats is equal, but they hold vastly different opinions on several key higher education issues. Following are some examples of differences among first-year committee chairs:

- Republicans are more likely to support the construction of new campuses by a margin of almost 3 to 1 (20 percent to 7 percent).

- Over half (54 percent) of Republicans believe that private colleges and universities should be relied on more, while only 29 percent of their Democratic counterparts agree.

- By a margin of over two to one (68 percent to 33 percent) Republicans are more likely to say the current level of funding for higher education is adequate to meet current needs.

- Almost twice as many Republicans (79 percent compared to 40 percent of Democrats) believe that the legislature in their state will take action in the next three to five years to link higher education funding to identified statewide priorities.

- Republicans overwhelmingly (81 percent compared to 33 percent of

Democrats) find information from taxpayers and constituents useful for informing their decisions about higher education.

■ None of the Republicans find information from the media useful for decisionmaking, while 42 percent of Democrats do.

In general, when asked to rate their position on various issues, the new Republican chairs tend to be far less neutral in their opinions than their Democratic counterparts. They view themselves as more "action-oriented" than the departing Democratic majority. The words of one first-year Republican chair capture the attitude of many new activists:

> ***"The legislation we passed has been presented in some shape or form over the last three legislative sessions under the Democratic majority. The speaker of the house had no desire to do anything with higher education. There were other things more important. The Republican realm was more excited to do something."***
>
> ***—Representative from a midwestern state***

Many of those who could be characterized as "action-oriented" legislators are responding to what they perceive to be a mandate from a fiercely anti-tax, anti-spending public that is skeptical about the ability of government to solve its problems. Over 40 percent of the legislators surveyed are working under term limits, one indicator of the lack of public confidence in government. The twin campaign promises to trim government and reduce taxes, on which most new Republican governors and state legislators were elected in 1994, reverberated throughout the 1995 legislative sessions. Almost half of all legislators (49 percent) said new tax cut proposals either are being seriously discussed or implemented this year. In many states, these proposals follow on the heels of tax and spending limitations previously put into place.

LEGISLATIVE PRIORITIES.

Legislators of both parties express real concerns about the adverse effect of tax reform and other cost cutting measures on the state's investment in higher education. In the words of a Democratic senator and first-year higher education committee chair: "These are politically tumultuous times for higher education. I don't think the voters are

saying they want less education just because they want less government." But what voters may be saying, as some legislators have interpreted, is that other priorities must take precedence over higher education.

There are several plausible explanations for the low legislative priority assigned to higher education. Clearly, legislators sometimes react with anger and frustration to constituent complaints and negative public perceptions fueled by media reports exposing inefficiencies and irregularities. These occurrences can hurt higher education's standing with the legislature. It is probably more likely, however, that higher education's low priority is a consequence of legislators' needing to pay greater attention to other more demanding legislative priorities. During the first half of this decade, the following legislative priorities have had serious budgetary and policy implications for higher education:

■ Medicaid expenditures began to surpass higher education as the second largest outlay of state government after elementary and secondary education.

■ As states get tough on crime, corrections began consuming a greater share of new state money than higher education. In one of the most dramatic examples of this trend, California's state spending for corrections grew by 25 percent in the three years of the early 1990s while higher education funding declined by 25 percent during the same period.[1]

■ Expenditures for elementary and secondary education, the biggest component of state (and local) budgets, rose commensurate with the increase in school enrollment in the early 1990s, while higher education expenditures remained virtually unchanged.[2] Further, many states are following the lead of Wisconsin in cutting property taxes, thus requiring the state to shoulder more of the costs of public schools.[3]

A further explanation for its low priority is higher education's role as a "budget balancer." Many legislators are aware that a share of higher education's fiscal problems can be shifted to others, primarily in the form of tuition and fee increases. Indeed, as this study found, a strong majority of committee chairs (68 percent) agreed that a significant factor in determining how much money the legislature will appropriate for higher education is "the ability of colleges and universities to raise their own funds through tuition, research grants and gifts."

HIGHER EDUCATION HISTORICAL VARIABLES

Several demographic, economic, and geographic variables help describe a state's higher education environment. Because conditions relative to these variables can significantly impact the state policy climate, they also provide an interpretive framework for understanding the survey findings. In the sections that follow seven such variables are variously used as reference points for analyzing legislative responses. *Appendix C* provides a state data table. The seven variables are:

1. State higher education regional compacts/groupings
2. State higher education governance structures
3. Projected 10-year change in number of high school graduates – 1994/95 to 2004/05
4. Average tuition and fees at public four-year colleges and universities – 1993/94
5. States that spend over $1 billion per year on higher education – 1994/95
6. Two-year change in state appropriations for higher education – 1992/93 to 1994/95
7. Tuition as a percent of state appropriation plus tuition

HIGHER EDUCATION INFORMATION SOURCES

Legislators rely on a combination of empirical and subjective information as well as their personal attitudes in making policy and budget decisions. Who provides that information and in what form it is delivered can have enormous influence over what happens next. In this study, we asked legislators to rate the extent to which they find information received from 13 different sources useful or helpful in making policy decisions related to higher education. Figure 1 displays the results.

In examining the results and legislator's comments, it is apparent that no one source of information is clearly dominant over the others. It is, however, possible to distinguish three levels of perceived reliability or usefulness of information:

■ Highest level — Considered to be most objective, pertinent, and fact-based. Included here are the state higher education agency and the legislature's own staff and committees.

■ Middle level — Considered important, but often conditioned by source's self-interest. Included in this group are representatives of the "public," such as students, constituents, and taxpayers. Interestingly, Republicans in their first year as chair are two and a half times more likely than Democrats (81 percent compared to 33 percent) to find information from constituents and taxpayers useful.

Also included in the middle group are other legislators, the governor's office, and various "experts" representing both broad concerns and special interests of business, state policy, and higher education. Opinion analyst Daniel Yankelovich uses the term the "invisible university" to describe experts from organizations, academia, and business who are, in essence, "America's school for leadership."[4] These individuals or organizations can be very influential at various times in pointing the way for future direction.

Figure 1

SOURCES OF USEFUL HIGHER EDUCATION INFORMATION

Source	% "Agree"*
The state higher education agency	86%
State legislative audit, research or review committees	85%
College and university administrators	73%
The Governor's office	69%
Other legislators	67%
Particular advisors, consultants or experts	64%
Business leaders	63%
Students	59%
Constituents/taxpayers	58%
National or regional organizations	57%
Faculty unions	26%
The media	22%
The Federal government	13%

*Legislators who responded "very useful" and "somewhat useful."

Q: "I would like to ask you to rate the extent to which you find information received from various sources useful or helpful in making policy decisions related to higher education."

■ Lowest level — Seen as often presenting biased, inaccurate, or subjective information. Included in this group are the federal government, faculty unions, and the media. None of the Republicans in their first year as chair found media information helpful for informing policymaking, while 43 percent of their Democratic counterparts found the media's information useful. It is worth noting, however, that although legislators' opinions are mixed as to the usefulness of media information, most are affected by the media's reporting of higher education, particularly if it is deemed negative.

Legislators also draw on their own personal and professional experiences to a great extent in making decisions. Legislators come from a variety of professional backgrounds including business, colleges or universities, elementary or secondary education, and law.

This description of the higher education and legislative environments provides a backdrop for examining policy issues addressed during 1995. The following four sections are organized around key concerns which state legislatures are currently seeking remedies to: What are the new expectations and roles for higher education given its changing "clientele" and emerging state priorities? How should higher education be organized and governed? How can access to higher education be accommodated with limited state resources? How should higher education be funded and held accountable for results?

SECTION II

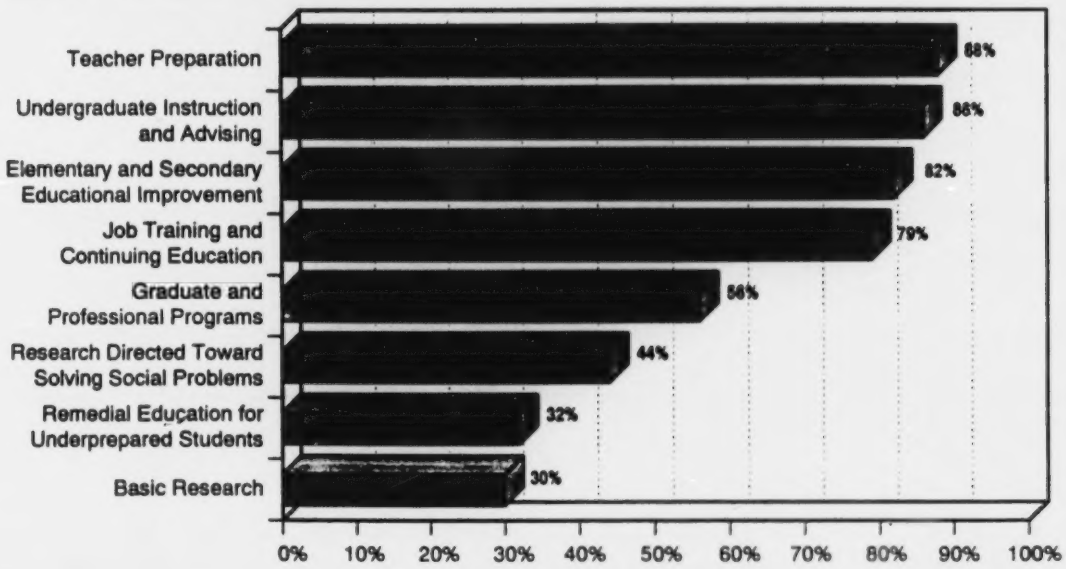
A FOCUS ON ROLES AND EXPECTATIONS FOR HIGHER EDUCATION

PURPOSES AND PRIORITIES

In many state legislatures, the economic recession and ensuing budget crises of the early 1990s served as a wake-up call to begin assessing long-term state needs and priorities for a range of services. Higher education was no exception as policymakers began asking more probing questions about its purposes and mission. While questions about higher education's fundamental purposes, for the most part, linger unanswered, state legislatures are setting about the task of clarifying what priority should be assigned to its various educational, research, and service functions. Figure 2 summarizes legislators' responses to

Figure 2

PRIORITIES FOR COLLEGES AND UNIVERSITIES



Percentage saying "Somewhat Agree" and "Strongly Agree." Q: "Colleges and universities should give more attention to ..."

questions about the priority of the various roles and missions of public colleges and universities in their states. Some highlights of the results:

A large majority of legislators (86 percent) feel strongly that college and universities should focus more of their attention on undergraduate education as the core of the enterprise. Many echo the sentiment of this representative: "In times of decreased financial support, we should put the money where it serves the greatest number of people, and that is basic core education." In 1995, legislators introduced a number of new policies designed to facilitate students' movement through the system (e.g., allowing inter-institutional transfer of credits and common course numbering) as well as improving the quality of undergraduate instruction (e.g., faculty workload measures and testing the language proficiency of teaching assistants).

Improving critical connections to elementary-secondary education also should be a top priority for colleges and universities. Legislators resoundingly favor colleges and universities giving more attention to those concerns which straddle the boundaries between K-12 and postsecondary education, such as teacher education (88 percent), school reform (82 percent), and workforce preparation (79 percent). Perceived problems with student performance in higher education have left many legislators feeling frustrated by the number of students coming to higher education unprepared for college level work. As a consequence, many states are considering raising college admissions standards and revising high school graduation requirements, while others are considering an overhaul of remedial education.

Most legislators are very concerned about the number of students requiring remedial coursework; however, many are uncertain about what to do. Legislators are fairly evenly divided (34 percent disagree, 32 percent agree, and 32 percent are neutral) on whether colleges and universities should give remedial education more attention. While the consensus is that the problem is inherited from K-12 education, whom to hold responsible is much less obvious:

"It is the whole issue of whether or not our high schools are readying students. The colleges are saying we are spending a large amount of money doing work that we

should be doing in high school; and high schools are saying higher education doesn't give us the teachers we need. I listen to that every day. That's clearly the battle we fight."

—Senator from a southern state

As states search for remedies for low academic achievement of high school graduates, the issue of remediation programs remains higher education's dilemma. Although not all policymakers agree with the approach, many believe that the trend is toward relegating all remedial courses to the community colleges. State policies vary on this point: many states already limit remediation programs to two-year colleges while others are taking steps in that direction. The Texas legislature, for example, considered a bill in 1995 that prohibited four-year colleges and universities from teaching remedial courses.[5]

REMEDIATION FACTS AT A GLANCE

In 1989, 30 percent of all college students nationally took at least one remedial course. During the 1993-94 academic year, remedial courses were offered at 90 percent of all four-year colleges, a rise from 81 percent eight years earlier.

Source: *Annual Survey of Colleges, 1993, College Entrance Examination Board*

In contrast to the strong feelings legislators hold about undergraduate education and relationships with K-12 schools, legislators express more neutral feelings about research activities and graduate and professional education. An average of 35 percent of legislators have neutral or "no opinion" responses to questions on whether colleges and universities should give more attention to basic research, applied research, and graduate and professional programs. Many legislators, however, believe that higher education is focusing too much attention on research, at the expense of undergraduate students.

Basic research, in particular, which often receives its major funding support from the federal government, is viewed by some as not addressing economic or social needs of the state. Only one-third (30 percent) feel that colleges and universities should give more attention to basic research and, among those who have served five or fewer years in the legislature, support was even lower (10 percent). Doctoral programs are also being scrutinized as some states undertake reviews

certain costly programs to identify inefficiencies, overlap, and duplication of effort.

ALL ONE SYSTEM

"The K-16 Era Comes to Campus" is the title of the lead article in the 1995 edition of *U.S. News and World Report* magazine's popular guide, *Best Colleges*. In the minds of many legislators such a proclamation is woefully premature. It is particularly frustrating for legislators who chair a general education committee, and thus must consider the state's entire public education system, to note that higher education still stands mostly apart. At the same time, higher education often fails to receive the attention legislators would like to devote to it because a host of lingering K-12 problems such as school safety, finance reform, academic standards, and desegregation continue to dominate legislative agendas. The desire for one system of education is captured in the words of this policymaker:

> ***"We need to remove the perception that colleges and universities are up on an ivory tower and link elementary-secondary, voc-tech and higher education all together as one unit of education from early childhood through graduate work."***
>
> ***—Representative from a southern state***

A STRENGTHENED ROLE FOR COMMUNITY COLLEGES

As an integral component of a K-16 system, legislators are looking more closely at how community colleges fit into the whole spectrum of educational services. In addition to providing workforce training and remedial services, community colleges increasingly are seen as critical points of access to higher education, often at costs lower to both students and the state than four-year colleges and universities. A significant majority of state leaders (71 percent) feel that to meet enrollment needs in their states more students should be routed through community colleges for the first two years of higher education. And many legislatures may be demonstrating their support in coming years with additional funding for programs and capital construction.

Besides financial concerns, there are also economic and political

reasons why community colleges are enjoying increased support. Legislators speak favorably of the community colleges' mission to address a statewide priority of preparation of a skilled workforce. They commend community college leaders for their willingness to appeal directly to legislators for support. This direct approach can be particularly successful in states where there is a community college located in virtually every legislative district. Four-year institutions, more widely dispersed, do not share this advantage. As enrollments increase and reliance on community college remediation and transfer functions grows, some legislators are frustrated by what they see as a reluctance on the part of four-year colleges and universities to recognize the critical role of community colleges:

> ***"The university system doesn't think the community college is part of their system. The community college system has over 50 percent of all the students. When I make that statement to college presidents, the immediate response is: 'Wait a minute, those aren't all academic students.' And that is part of the problem."***
>
> ***—Representative from a midwestern state***

IMPLICATIONS FOR FOUR-YEAR COLLEGES AND UNIVERSITIES

The notion of a K-16 system has been coupled with increased access to higher education. Yet the sheer number of academically unprepared college students has touched off a whirlwind of debate about the balance between ensuring access and upholding high academic standards. Many legislators believe that colleges and universities should not admit unprepared students in the first place. Many seek to raise college admission standards with hopes of causing strengthened high school curricula and graduation requirements. At the same time, legislators are concerned about closing off opportunities to postsecondary education. In many states, the concept of a K-16 system means the close integration of alternatives to college such as apprenticeship programs, trade schools, and vocational-technical training.

It is increasingly clear to many policymakers that, as one legislator put it, "when there is not the money, higher education cannot be all things to all people." To date, legislators have given far more attention

to clarifying what the *things* are that colleges and universities will do by defining roles and missions, and less attention to identifying those *people* who should gain access to it.

As anticipated higher education enrollment demand looms and the pressure on state resources shows little sign of abating, there is increasing pressure to undertake a more critical reexamination of purposes based on long-term state needs. In a few states, legislators are embarking on a discussion of more fundamental issues: Who should go to college? Who should pay? Is a college education necessary for everyone or should it be limited to those most likely to benefit? At the heart of the matter is a question of priorities:

> ***"Universities must start to grapple with the difference between an educated citizenry and a citizenry that is prepared for the labor force. We need both, but there is going to have to be a balance."***
>
> ***—Senator from a southern state***

SECTION III

WHO SHOULD MAKE DECISIONS ABOUT HIGHER EDUCATION

NEW ORGANIZATIONAL ARRANGEMENTS

The question of how higher education should be organized and governed is of growing interest for many legislatures. Figure 3 is a partial list of states from our study where education committee chairs provided information about higher education governance discussions or reform efforts taking place in their states. The list includes states that have taken recent action as well as states where governance reform is currently a topic of study. In many cases the interest is fueled by recently elected governors and legislators who see reorganizing higher education as part of a strategic plan for reducing what they see as a bloated bureaucracy and operational and academic inefficiencies.

Figure 3

STATES CITING GOVERNANCE REFORM AS A 1995 ISSUE

Alabama	New Jersey
Alaska	Oregon
Hawaii	Rhode Island
Idaho	South Carolina
Illinois	Tennessee
Massachusetts	Texas
Minnesota	Virginia
Montana	Washington
Nebraska	West Virginia
New Hampshire	

Recent state examples of higher education restructuring plans include:

■ **SOUTH CAROLINA** The General Assembly passed legislation to restructure the state's Commission on Higher Education, giving more influence to individual colleges. The bill shrinks the commission's membership and requires some members to come from university boards.[4] Alternate proposals have considered establishing a single coordinating board to oversee both elementary-secondary and postsecondary education in hopes of fostering a more fluid transition between sectors.

■ **MINNESOTA** Much of the 1995 legislative session was devoted to overseeing transitions that were part of a 1991 law. On July 1, four institutional governing boards were merged into two — one for the technical colleges, community colleges, and state universities and one for the University of Minnesota and its branch campuses. The authority

and size of the coordinating board were also scaled back as part of the reorganization. Legislators on both sides of the aisle hope to achieve greater cooperation and coordination under the reconfigured system.

■ **ILLINOIS** The General Assembly passed legislation that eliminated the Board of Regents and Board of Governors, giving individual governing boards to seven of the universities. The Board of Trustees for the University of Illinois was replaced with a new board appointed by the governor. In an effort to stem what some say is political partisanship, all trustees would be appointed rather than elected under the new law. The Illinois Board of Higher Education is unchanged, although it will seek additional legislation to grant it power to raise tuition, eliminate programs, and limit construction. The decentralization is designed to stimulate greater efficiency.

GOVERNANCE FACTS AT A GLANCE

It is estimated that 70 percent of the students in American public higher education are on campuses that are parts of multicampus or consolidated systems of multiple campuses all under a single governing board.

Source: Clark Kerr and Marian Gade, *The Guardians: Boards of Trustees of American Colleges and Universities* (Washington, D.C.: AGB, 1989) as referenced in Education Commission of the States, *State Postsecondary Education Structures Handbook* (Denver: ECS, 1994)

■ **NEW JERSEY** Recently elected Republican governor, Christine Whitman, spearheaded the move that abolished the Board of Higher Education and dispersed its functions among institutional governing boards, a newly created New Jersey Commission on Higher Education, a newly created President's Council, and the Department of the Treasury. The Governor acted on her campaign promises to cut taxes, shrink government, and limit spending.

GOVERNANCE THEMES

Among the states where governance is an issue, there are few similarities apparent in either the classification of their previous structure or in the proposed or reconfigured systems. If there is a discernible pattern at all, it is the tendency to move from a consolidated governing board or multicampus regulatory coordinating board to a more decentralized system. Yet nearly as likely are calls for consolidating the governance of public colleges and universities such as in the states of Minnesota, Alaska, and South Carolina. Clearly, the issue warrants a

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deeper look. But, it may be that legislatures are simply seeking to change the relationship between the state and higher education from whatever it is currently to something different. As one long-time legislator observed, attempts to reorganize higher education governance seem to surface in his state every 15 years or so.

There are, however, consistent themes in the opinions of policymakers about the reasons for these changes and what they hope to accomplish with new organizational arrangements. Many legislators hope to create new decentralized systems that will be less bureaucratic and less political. They believe this can be achieved in part by consolidating some coordinating functions, appointing rather than electing regents, and eliminating multiple layers of decisionmaking. Legislators also hope that by reallocating responsibilities greater operational efficiency and academic effectiveness can be achieved.

Many of the themes for higher education reorganization are drawn from recent business and management literature. But at least part of the impetus for change may be traced to elementary-secondary education reform agendas. When asked about a list of current K-12 education reform issues, over two-thirds of legislators (67 percent) reported that "school or statewide K-12 governance reform" is a legislative concern currently in their states. Among the "megastates" — states where state appropriations for higher education exceed $1 billion a year — the proportion was even greater (84 percent). A key feature of decentralization is the shifting of authority downward to the local level. Decentralization is a philosophical underpinning of current K-12 reform initiatives, including proposals for "charter schools."

REALLOCATING AUTHORITY: *QUID PRO QUO* ARRANGEMENTS

Authority is being reallocated in part to restructure the fiscal relationship between universities and state legislatures. In general, institutions and their governing boards are being given more responsibility for various coordinating functions and more direct control over resources. In some instances, legislatures are granting institutions the authority to increase tuition and prioritize spending in order to pay for salaries, library expenses, and campus expansions. State examples include:

- The Hawaii legislature passed a bill that would give the university

system direct control over the money it brings in through tuition. It is intended to ease the impact of millions of dollars in cuts in state appropriations.[7]

■ The Oregon legislature passed a compromise bill that gives the state university system more control over personnel, purchasing, printing, and contracting for services, instead of relying on centralized state arrangements.

■ The North Carolina legislature granted the boards of trustees of institutions authority to increase tuition to pay for salaries, library costs, and other campus-based expenses. The caveat is that one-third of any tuition increase must go toward student financial aid.

The price associated with greater autonomy, however, is increased accountability and efficiency in meeting goals set by the legislature. As one legislator described it: "The word 'autonomy' may be a little strong, but certainly in this bill we gave them more control over their local campuses and more flexibility in terms of ways they can spend their money and ways they can handle internal problems. In exchange for that, we expect them to create the efficiencies they need to meet the targets we set."

In discussing the *quid pro quo* arrangement of greater autonomy in exchange for increased efficiency, legislators frequently invoke phraseology borrowed from business to underscore their expectations:

> ***"Anything except good management is going to cost them. Every public function in the state is expected to operate efficiently, to do the right thing."***
>
> ***— Representative from a New England state***

> ***"Although we may be increasing funding for some very good reasons, we need to impress that cost reduction is not only a business phenomenon, but one that should be an effort within higher education to be efficient."***
>
> ***— Representative from a midwestern state***

SECTION IV

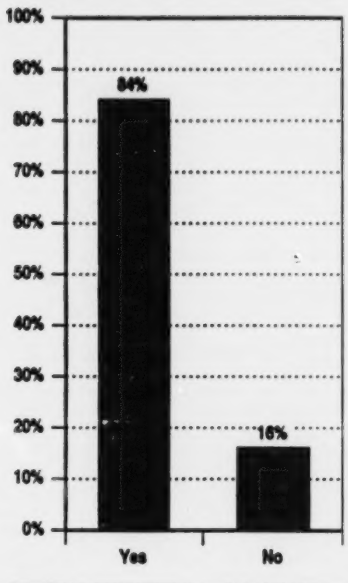
ACCOMMODATING ACCESS

ENROLLMENT NEEDS AND SCARCE REVENUES

When asked whether their state is likely to experience higher education enrollment increases over the next decade, an overwhelming majority of legislators (84 percent) agree (Figure 4). Their responses are consistent with recent state data on projected high school graduation rates compiled by the Western Interstate Commission for Higher Education (WICHE). (See *Appendix C* for state data). Even when legislators note that high school graduation rates are not expected to increase in their states, many point to the ranks of non-traditional students enrolling in higher education as a result of changes in the state's economy. Nearly all education committee chairs are concerned that the increasing cost and contracting availability of higher education will limit access:

Figure 4

EXPECT ENROLLMENT INCREASES?



"There is the baby boom echo so there will be more kids trying to get into college. Whether we will make more seats available or not, I don't know."

—Senator from a northeastern state

"We have been flat population-wise but we are starting to grow again as we turn the economy around. The question becomes will students have the money when it is time to go."

— Representative from a New England state

Insecurity over the economy, anticipated enrollment growth, escalating cost, and limited state revenues are among the many reasons why the outlook for accommodating access to higher education remains uncertain. Our study found that the majority of legislators

(54 percent) do not think that the current level of funding is adequate to meet current needs. Nor do most feel that higher education's share of their total state budget will change in the next few years. There is also a widely shared perception that the costs of higher education are increasing at a rate higher than other public enterprises.

HIGH SCHOOL GRADUATION FACTS AT A GLANCE

After a 15-year decline, the number of high school graduates is about to begin a steady climb toward record highs. The record of 2.8 million public graduates recorded in 1979 is expected to be equaled by 2006 and then surpassed to reach a new peak of 3.1 million in 2008.

Source: Western Interstate Commission for Higher Education, 1994

STRATEGIES TO ACCOMMODATE ACCESS

Figure 5 summarizes legislative responses to 11 strategies a state or its colleges or universities might adopt as a means to address enrollment needs or increased enrollment demand. It also includes legislators' opinions about whether the legislature in their state will take any direct action on that option in the next three to five years. There are a number of instances in which legislative support for a particular strategy is high while the chances of legislative action are deemed low. In most cases, this indicates that legislators favor the strategy but do not consider it a legislative responsibility. As several legislators note, however, if colleges and universities fail to take steps on their own, the legislature is more likely to initiate action in the future.

A number of significant points based on the findings and comments of legislators are described below:

The construction of new campuses, with the exception of community colleges or branch campuses, is far less likely to occur than the expansion or renovation of existing facilities. Overall, 74 percent of legislators agree that existing campus facilities should be renovated or expanded, while only 19 percent support the construction of new campuses. Republicans in their first year as chair, however, are nearly three times as likely as their Democratic counterparts (20 percent compared to 7 percent) to support new construction. Many legislators favor an investment in technology over bricks and mortar. Where renovation or expansion is supported, the focus will be on deferred maintenance and technological improvements.

The promise of technology to resolve a variety of access-related problems is the one single issue on which there is virtually no disagreement. All the committee chairs wholeheartedly endorsed the expanded use of technology as a means for delivering educational instruction in higher education and 95 percent believe the legislature will continue its support through the next three to five years. There are a variety of reasons legislators give for their faith in technology to solve problems. It is viewed as providing a critical pathway for linking colleges and universities with the public schools. The expansion of distance learning also is considered a "constituent-driven" issue, particularly in states with geographically dispersed populations. And, in the long term, technology is seen as a way to reduce the need to build new campuses.

Figure 5

STRATEGIES TO MEET ENROLLMENT NEEDS

Strategies	% Agree*	% Action Likely**
Expand use of electronic technology	100%	95%
Provide more alternatives to college	78%	76%
Renovate and/or expand existing campus facilities	74%	63%
Route more students through community colleges for first two years	71%	31%
Require faculty to teach more	67%	26%
Shorten time needed for students to graduate	65%	46%
Rely more on private colleges	50%	28%
Institute differential tuition rates to encourage students to graduate in timely fashion	40%	29%
Limit or manage enrollment through higher tuition or higher admission standards	35%	25%
Shift resources from graduate education and research to undergraduate instruction	32%	9%
Build new campuses	19%	27%

*Percentage saying "Somewhat Agree" and "Strongly Agree."

Q: "To meet enrollment needs or increased enrollment demands... [strategy]?"

**Percentage saying "Yes" to
Q: "Legislative action in the next three to five years..."

Faculty workload issues have generated considerable debate on both the issue's significance and what action to take, but relatively little new legislation. Two-thirds of legislators (67 percent) think faculty should teach more courses, yet only 26 percent believe their legislature will take any direct action in the next three to five years. Most prefer that the university system or campuses take the initiative to address workload reform. One notable exception being carefully watched by other states is Ohio's review this year of a

1993 measure requiring professors to spend 10 percent more time teaching in 1995 than in 1990.

Among those who disagree there is some concern about the "bandwagon mentality" fueling workload debates and suggestions that faculty roles be clarified and made more visible so the public is better informed about what faculty do. Others consider an enhanced focus on teaching a matter of increasing efficiency and sharing responsibility: "The general consensus is that unless we get more dollars we are going to have to ask the faculty to put more of their time into teaching."

Legislators are concerned about the length of time it takes students to earn a degree, recognizing that moving efficiently through the higher education system is a responsibility to be shared by institutions and students. Legislators emphasize that colleges and universities have a responsibility to ensure that required courses are available and offered at convenient times and that course credits are transferable between institutions. Many also singled out students' roles. In the words of one legislator, "The students have a responsibility to work hard, take full loads, and not waste time." Differential tuition rates and shortening the time it takes to get a degree through early enrollment and accelerated degree programs are among the student incentives designed to help them navigate more efficiently.

In particular, differential tuition rates are a strategy which has generated considerable interest among legislatures in 1995, with support sharply divided by political party affiliation. Fifty-two percent of Republicans favor some form of differential tuition while only 28 percent of Democrats agree. Among the various forms of differential tuition being tested in states are increased charges for classes beyond a set number of total credit hours, part-time enrollment, second bachelor's degrees, and upper division courses.

Most legislators want to maintain an "open door" to higher education while keeping standards for some colleges and universities high. Legislators are far more supportive of raising admissions standards than of increasing tuition as a means to manage enrollment at some four-year colleges and universities. At the same time, there is support for broadening postsecondary educational opportunities by relying more on independent colleges and universities, expanding the utilization of community colleges, and providing more alternatives to

college such as trade schools, vocational-technical training, and apprenticeship programs.

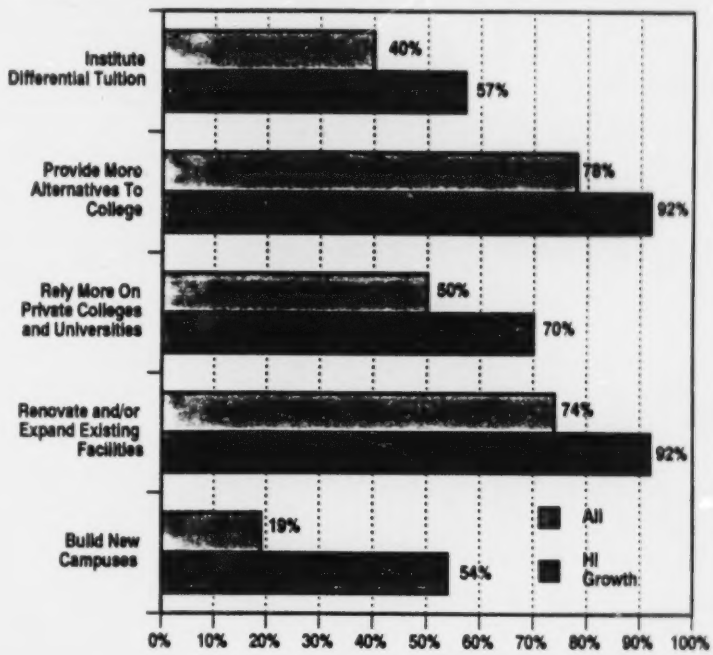
Perhaps equally as significant as the strategies adopted to broaden access are proposals that may limit access for certain groups — raising eligibility standards or eliminating certain programs. Legislatures in a number of states are responding to program-cutting proposals sponsored by new governors or new legislators fulfilling promises to cut spending. Among the recommendations are proposals to limit or abolish student financial aid and scholarship programs for groups such as prisoners, American Indians, top academic students, and youths in foster care.

SPECIAL FOCUS: HIGH ENROLLMENT GROWTH STATES

The states where higher education enrollment growth is expected to be greatest offer insight into strategies for accommodating demands for access. In our study, high enrollment growth states are defined as those states with a 31 percent or greater projected 10-year change in the number of high school graduates for the years 1995-96 to 2005-06 (the fourth quartile according to WICHE data). Based on this definition the states included are: Alaska (33 percent), Arizona (46 percent), California (43 percent), Colorado (33 percent), Delaware (32 percent), Florida (51 percent), New Hampshire (36 percent), Nevada (71 percent), and Washington (32 percent).

Figure 6

STRATEGIES OF HIGH ENROLLMENT GROWTH STATES



Percentage saying "Somewhat Agree" and "Strongly Agree."

Q: "To meet enrollment needs or increased enrollment demands...[strategy]"

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Figure 6 (page 27) shows the legislative responses to a selected list of strategies for meeting increased enrollment demands in their states. Legislators from these states are more likely to support new construction and the expansion or renovation of existing facilities, more alternatives to college, and greater reliance on independent colleges and universities. They are also more likely to favor the use of differential tuition rates to encourage students to graduate in a timely fashion.

SECTION V

PAYING FOR HIGHER EDUCATION

HIGHER EDUCATION FUNDING: A CENTRAL CONCERN

Almost without exception, education committee chairs see funding as the key issue for higher education. While a few states have substantial student financial aid programs, the main focus is on institutional funding. In most states, higher education did better this year in state appropriations than since the beginning of the recession. In FY1995, states reported a two-year gain of 7.5 percent, yet there is wide variation, with nine states experiencing a decline in appropriations.[8] (See *Appendix C* for state data.) However, the upturn in funding, as most higher education observers are quick to point out, does not necessarily signal a return to the prosperity of the 1980s.

Most education committee chairs concur with that assessment, although our survey findings indicate mixed opinions about the future. On the one hand, there are serious concerns about the adequacy of the current level of funding for meeting higher education needs both now and in the future (Figures 7 and 8). On the other hand, many legislators are hopeful that their state's economic picture

STATE APPROPRIATION FACTS AT A GLANCE

- During the first part of this decade, "higher education took the worst beating of any major spending category," sliding from 14 percent of state general revenue budgets in 1990 to 12.6 percent in 1993.
- In FY 1995 state appropriations to higher education totaled nearly $43 billion, a $1.7 billion gain over the previous year.
- In FY 1995 the two-year gain in state appropriations ranged from 45 percent (Mississippi) to –10 percent (Oregon) for an average gain of 7.5 percent overall.

Source: Edward R. Hines and Gwen B. Pruyne, *State Higher Education Appropriations 1994-95* (Denver: SHEEO, 1995). Steven D. Gold (editor), *The Fiscal Crisis of the States* (Syracuse, NY: Syracuse University Press, 1995).

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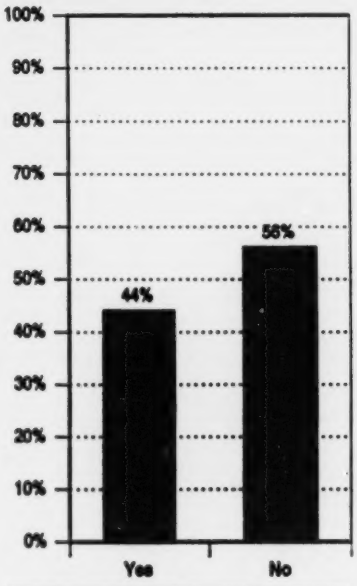
will brighten over the next few years and that general state revenue sources will grow.

While in the majority of cases this does not mean that higher education's "slice of the revenue pie" is expected to increase, it does mean that legislators are hopeful that the whole pie will be larger. When asked whether "higher education's share of [their] total state budget would increase, decrease or stay about the same" during the next three to five years, 16 percent of the respondents think higher education can expect to get a larger proportion while 29 percent think it will decrease. The majority (55 percent) think it will stay about the same. Two important caveats to these results: For both projected increases or decreases, changes are expected to be slight. And there is little correlation between legislators' opinions on higher education's budget share and their opinions on increased enrollment demands.

Figure 7

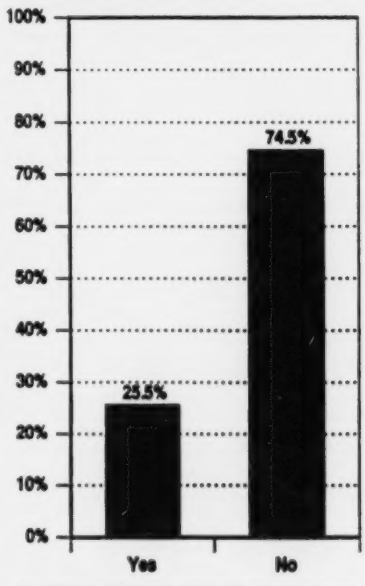
ADEQUACY OF CURRENT FUNDING LEVEL FOR CURRENT NEEDS



Q: "Is the current level of funding for higher education in your state adequate to meet current needs?"

Figure 8

ADEQUACY OF CURRENT FUNDING LEVEL FOR FUTURE NEEDS



Q: "Is the current level of funding adequate to meet future needs?"

A number of legislators speak of doing what they can to support, and in some cases protect funding for higher education. One noteworthy example is Louisiana's effort to provide a fiscal "floor" for higher education. The Louisiana House forwarded a bill amending the state's constitution to guarantee that higher education could not receive less than it had the previous year without a two-thirds vote of the legislature. Although the measure got bogged down in the Senate, it raised what could be an important precedent in earmarking funds for higher

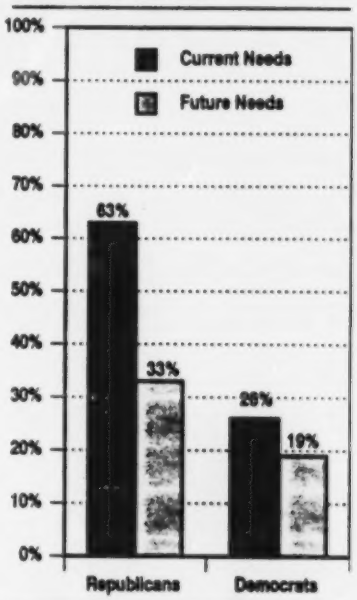
education, especially when three-quarters of the state's budget is already constitutionally restricted.

SPECIAL FOCUS: REPUBLICANS AND DEMOCRATS ON FUNDING

The survey reveals that Republicans and Democrats hold sharply different opinions regarding higher education funding. Among Republicans, nearly two-thirds (63 percent) think that the current level of funding for higher education is adequate to meet *current* needs while slightly more than one-fourth (26 percent) of Democrats agree (Figure 9). When asked whether the current level of funding will be adequate to meet *future* needs, Republicans are less optimistic (33 percent agree) but more hopeful than Democrats (18 percent agree). Democrats, for the most part, do not see the situation as improving, even if the economy picks up. On the question of higher education's share of the total state budget over the next three to five years, it is largely Democratic legislators who think higher education's share will decrease, while it is predominantly Republicans who think higher education's share will increase.

Figure 9

HOW REPUBLICANS AND DEMCRATS DIFFER ON ADEQUACY OF CURRENT FUNDING LEVEL



Percentage saying "yes" to Q: "Is the current level of funding for higher education in your state adequate to meet current needs?"

FACTORS WHICH INFLUENCE BUDGET DECISIONS

State legislatures rely primarily on a formula, incremental adjustments to the previous year's base, or a combination of the two to determine how funds to higher education are distributed. The level of funding may be simply a matter of determining what funds are available. As one legislator succinctly put it, "The most significant factor in *whether* we appropriate more money is if we *have* more money to appropriate."

Beyond that, a number of intervening factors — certain kinds of information or particular circumstances — can affect or influence either how resources are distributed or the level of appropriations. This study asked legislators their opinion on the significance of six different factors in determining "how much money the legislature [in their state]

would appropriate for higher education."(Figure 10) On balance, the findings indicate that a combination of objective and subjective factors interrelate to influence resource allocations. The following points highlight some of the findings:

Figure 10

SIGNIFICANT FACTORS IN DETERMINING HIGHER EDUCATION APPROPRIATIONS

Factors	% "Agree"*
Current level of funding	88%
Information about projected basic needs of colleges and universities	71%
Ability of colleges and universities to provide for themselves through tuition, research funds and private gifts	68%
Documented accounting of how colleges and universities have used current funds	67%
Reports of how colleges and universities perform on specific measures related to such areas as access, quality or efficiency	56%
Limits on tuition rate increases, when institutions or systems voluntarily set them on their own	39%

*Percentage saying "Somewhat agree" and "Strongly agree"

Q: "A significant factor in determining how much money the legislature will appropriate for higher education is ...[factor]?"

Although many legislators would prefer otherwise, funding is determined more on the basis of inputs such as current levels and basic needs than on outcomes such as performance results or an accounting of how current funds were used. While this finding should come as no surprise, it should be noted that efforts are underway in many states to link funding more closely with state priorities or other measures of performance.

"Budget bargaining" proposals — proposals by colleges and universities to freeze tuition rate increases in exchange for increases in state appropriations — have generated considerable interest, but the majority of legislators remain neutral (23 percent) or opposed (38 percent) to the idea. First-year Republican chairs tend to favor this proposal by a slight margin (50 percent compared to 33 percent) over their Democratic counterparts. States adopting variations of this proposal are likely to tie tuition increases to a specified percent or measure of inflation. Pennsylvania's challenge grants program rewards institutions that keep tuition increases under 5 percent with an additional $100 per student. Michigan provides financial incentives to colleges that keep tuition increases below the inflation rate.

Besides objective information, politics play a major role in determining higher education appropriations. Support for higher

education in the legislature can shift quickly with the election of a new governor or a new set of legislators; yet politics extend beyond party affiliation. A strong institutional reputation and a positive relationship between its chief executive and members of the legislature are vital in sustaining legislative support. The individual merits of each campus are more difficult to determine. Legislators believe that "turf battles" over such issues as funding and governance put colleges and universities on the defensive and distract them from improving and meeting needs:

> *"Funding for the universities becomes one campus against another. There needs to be a better statewide message about what the university does. Voting often just follows district lines and where the campuses are located."*
>
> *—Senator from a western state*

Many legislators are becoming increasingly sensitive to the "public perception" of higher education as gleaned from constituents' comments and the media. As one legislator commented, "Any controversial media attention on our institutions has a backlash with the legislature." Interestingly, findings show that Republicans rely more on information from constituents and taxpayers to inform their policy decisions while Democrats rely more on the media. In the end, value judgments may prevail over empirical knowledge:

> *"The issue of money comes down to philosophies rather than facts and objective information. People who believe in education are willing to support it and those who don't aren't."*
>
> *—Senator from a southern state*

FUNDING STRATEGIES

State legislatures have at least three basic options available that can be manipulated for higher education funding purposes. One, the legislature can *raise additional state revenues* through various taxes or other measures which then can be redirected toward higher education. Two, they can *adjust the balance* between public revenue sources (taxpayer) and private revenue sources (tuition and fees). Three, the legislature can *restructure the process* by which funds are distributed.

Within each option there are a number of different strategies that can be employed, either individually or in combination. Our study asked education chairs about some of the funding strategies being discussed or tested currently in states and whether their state legislature was likely to act on any of them in the next few years (Figure 11).

Figure 11

LIKELY FUNDING ACTIONS

Possible Funding Options	% "Agree"*
Charge non-resident students higher tuition	73%
Charge resident students higher tuition	56%
Link to statewide priorities	52%
Adopt a new funding formula	45%
Link to institutional or student performance	44%
Link tuition increases to inflation measures	30%
Adopt a high tuition/high aid plan	23%
Increase other sources (lottery proceeds or bond issues)	21%
Shift from instit. support to student financial aid	15%
Increase state taxes	9%

***Percentage saying "Somewhat Agree" and "Strongly Agree" to Q: "The legislature will take action over the next three to five years to...[option]?"**

REVENUE SOURCE FACTS AT A GLANCE

Revenues for higher education come from a variety of sources. In 1991-92, the following sources contributed to total fund revenues (including public and private institutions):

Public Revenues:		Private Revenues:	
Federal	12.3 %	Tuition, Fees & Board	25.7%
State	25.1 %	Sales and Service	23.3%
Local	2.6 %		

Source: U.S. Department of Education, *Digest of Education Statistics*, Oct. 1994

RAISING STATE REVENUES

As discussed earlier, legislators in a number of states are cautiously optimistic that their state's economy will continue to rebound. Among the tax cut proposals addressed during 1995 are measures intended to stimulate the economy through tourism, manufacturing, or other revenue-generating industries. There is little likelihood, as the findings show, however, of states generating additional revenues by raising state taxes. As many legislators read the public mood, advocating any state tax increases — personal income, property, or sales — might be a serious political liability.

More likely sources for increased state funding of higher education are state lottery proceeds and bond issues. Bond issues may be proposed, particularly in states planning new campuses or renovations of

existing facilities. A number of states already use lottery proceeds for education (including K-12 and higher education). One notable example is Georgia's popular HOPE college scholarship program which draws on state lottery revenue to pay 100 percent of tuition and fees for students who meet certain conditions.

A QUESTION OF BALANCE: IS TUITION PRICING STUDENTS OUT OF HIGHER EDUCATION?

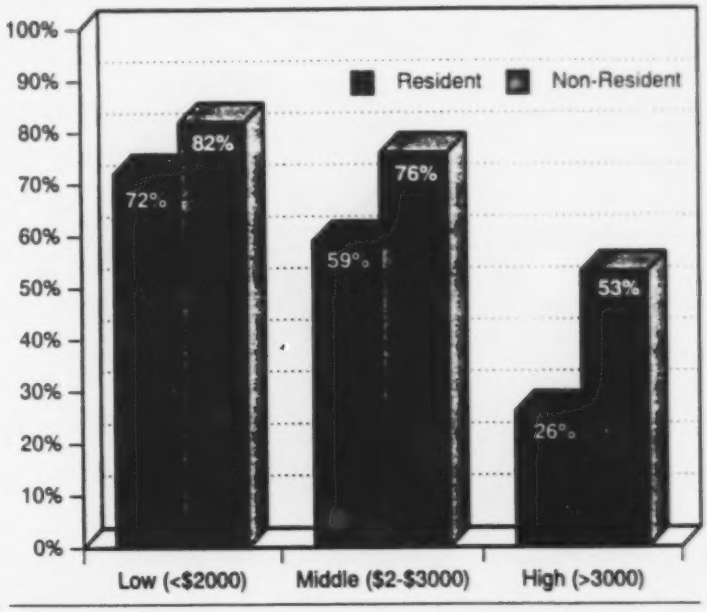
Although in most states, appropriations still provide the single largest revenue share for public colleges and universities, the share paid by individuals, primarily in the form of tuition and fees, is steadily increasing. Undergraduate charges for tuition, room, and board have nearly doubled in the last decade alone.

A majority of legislators in 1995 are of the opinion that their state legislature will take action to charge both resident and non-resident students higher tuition. The percentages (56 percent and 73 percent, respectively), however, do not reflect the actual level of activity in this area. In many states, tuition and student fees are set by the institutions or the university system; state legislatures may not have any legal authority to force change (although they exert considerable influence). Most higher education observers believe that tuition rates will increase in all states in the next few years; the only questions are how much and in what forms. On these questions, the following points are instructive:

Put simply, the lower the state's average tuition and fees, the more likely the state legislature is to increase both in-state and out-of-state tuition rates. Figure 12 displays this finding. Statistical analysis shows that average tuition and fees at public four-year colleges and universities are inversely correlated with state and local appropriations. That is, in the state's financing of higher education, as average tuition increases, there is a corresponding decrease in local and state government appropriations. An interesting implication is that, to some extent, high tuition values reflect the state's position that the individual is the primary beneficiary of his/her education and so students and their families should bear more of the cost.[9] Conversely, high local and state appropriations suggest a state's position that higher education provides social and economic benefits for states and localities and so governments should bear more of the cost.

Figure 12

AVERAGE TUITION AND LIKELIHOOD OF INCREASES



Mean = $2262

Percentage saying "Somewhat Agree" and "Strongly Agree" to Q: "Legislature will take action over the next three to five years to charge [resident] and [non-resident] students higher tuition?"

TUITION FACTS AT A GLANCE

In the past five years, tuition has risen by nearly 50 percent at public colleges and universities. For 1994-95, tuition grew by 6 percent; more than double the rate of inflation as measured by the Consumer Price Index.

Source: 1995 edition of *Money Guide: Best College Buys.*

Legislators speculate that reliance on out-of-state tuition as a revenue source will increase, but with limits on the number of out-of-state students allowed, the rate of increase, and the uses for the additional revenue. Nearly a third (30 percent) of legislators think that tuition increases (both in-state and out-of-state) will be tied to median family income, the Consumer Price Index (CPI), or some other measure of inflation. Several southern states are considering limiting increases to those of peer institutions in the Southern Regional Education Board (SREB) region.

Few legislators currently support shifting funds from institutional support to student financial aid programs, although many acknowledge that a high tuition/high aid strategy is being carefully examined. The very real concern is that tuition increases will outpace increases in student financial aid. While state-based student financial aid appropriations have increased steadily in recent years, more students than ever are relying on loans to finance their college educations. The state of Washington's version of a high tuition/high aid strategy seeks state proportionality between tuition and student financial aid. The legislature, which has

responsibility for setting tuition, is issuing a guarantee that if tuition is raised, 24 percent of the increase must go to financial aid. But as one legislator surmised, "The best financial aid is lower tuition."

LINKING FUNDING TO PRIORITIES, PERFORMANCE, AND PRODUCTIVITY

Although there is not, in most states, a strong connection between funding and measurable outcomes or other performance expectations currently, this is clearly a direction in which many legislators would like to move higher education. Survey findings provide some insights into the approaches legislatures are likely to adopt:

Nearly half of the legislators (45 percent) stated that their legislatures are likely to "adopt a new funding formula in the next three to five years," in most cases modifying the current formula to incorporate a greater focus on performance mechanisms. A number of states, including Alabama, Minnesota, Michigan, Arkansas, and Washington, began examining their current funding process during 1995 legislative sessions. Among the issues which states must address is whether to rely principally on the "judgment and goodwill of professionals" to achieve high levels of performance or to rely on more formal rewards and sanctions tied to performance.[10]

A substantial number of legislators (44 percent) think their legislatures are likely in the next few years to "link funding to campus efforts to increase enrollment, graduation rates, or other measures of student or institutional performance." Many legislators view this approach as an appropriate avenue for addressing concerns about higher education's accountability. As one legislator expressed it, "In order for us to continue justifying paying the money being placed into higher education, we are going to have to have more information about performance."

A recent study noted that a growing number of states are adopting for accountability purposes "performance indicators" or common measures for colleges and universities to assess and report their performance.[11] States in the SREB region, such as Tennessee, South Carolina, Texas, Kentucky, and Florida, helped pave the way in the early 1990s with the development of performance-based accountability measures. With the exception of Tennessee, however, the connection

to funding has been tenuous. Current legislative activity in these states and others to link such measures to funding may seem a logical evolution to legislators who want to "raise the stakes" to achieve greater compliance.

Over half the legislators (52 percent) report that legislative efforts to "link funding to identified statewide priorities for higher education" are likely. Republicans in their first year as chair feel more strongly about this issue than their Democratic counterparts. Some 79 percent of Republicans believe the legislature is headed in this direction compared to 40 percent of Democrats. A number of legislators note that they already have such measures in place. In 1995, Colorado's Republican-led legislature voted to continue funding an incentive financing bill passed in 1994. The legislation provides for cash incentives to colleges and universities that improve in five statewide priority areas: improved productivity, growth in enrollment, expanded job training, strengthened ties with public schools, and increased financial aid.

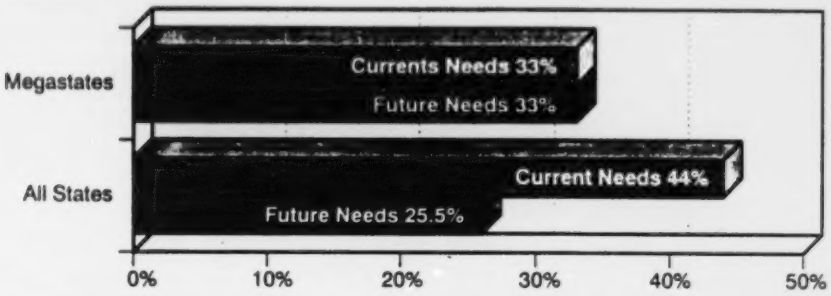
SPECIAL FOCUS: FUNDING STRATEGIES IN THE "MEGASTATES"

The term "megastates" is often used to describe the states that appropriate more than $1 billion annually to higher education. Based on state appropriations data compiled annually by Edward R. Hines at Illinois State University, 13 states qualified as megastates in 1995: Alabama, California, Florida, Georgia, Illinois, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Texas.[12] Taken together, 1995 appropriations for the megastates exceeded $25 billion or 59 percent of total state higher education appropriations.

Because of the relative size of their higher education appropriations, Hines suggests that the megastates may serve as indicators of higher education support for the rest of the nation. In this study, we contrast megastates' legislative responses on questions relating to higher education funding with the entire sample of responses in order to identify meaningful differences. Hines notes that the one- and two-year percentage gains for the 13 megastates in 1995 "were virtually identical to those of the nation as a whole." Our examination in-

Figure 13

ADEQUACY OF CURRENT FUNDING LEVEL FOR CURRENT AND FUTURE NEEDS

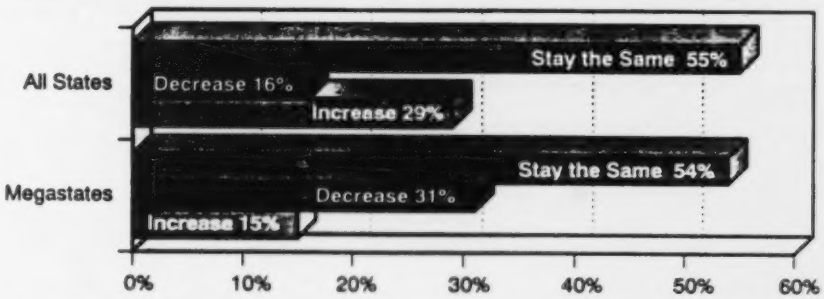


Percentage saying "Yes"

Q: "Is the current level of funding for higher education in your state adequate to meet current needs?" "Is it adequate to meet future needs?"

Figure 14

CHANGES IN HIGHER EDUCATION'S SHARE OF TOTAL STATE BUDGET



Q: "During the next three to five years, do you think higher education's share of your total state budget will increase, decrease, or stay about the same?"

Figure 15

LIKELY BUDGET ACTIONS

Funding Options	Megastates	All States*
Raise non-resident tuition	85%	73%
Link to performance measures	58%	44%
Link to statewide priorities	62%	52%

***Percentage saying "Somewhat Agree" and "Strongly Agree" to Q: "The legislature will take action over the next three to five years to...[option]?"**

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dicates a high level of consistency as well in legislative opinions about funding strategies or budget influencing factors. Figures 13, 14, and 15 (page 39) show some comparisons where wider differences exist.

In sum, legislators from the megastates are less optimistic about the likelihood of increases in higher education's share of their total state budget over the next three to five years. They are less inclined to think that the current level of funding will be adequate to meet current needs. Concerns about the level of appropriations may explain why a strong majority (85 percent) believes that non-resident tuition will increase. Efforts to link funding to performance measures or statewide priorities are also more likely to be adopted in the megastates.

SECTION VI

CONCLUSIONS

State legislatures in the 1990s face significant challenges related to higher education. Insecurity over the economy, anticipated enrollment growth, escalating cost, and limited state revenues are among the many reasons why the legislative outlook for higher education remains uncertain. Although the policies pursued by states vary, it is possible to organize the issues around four general questions for which state legislature sought answers in 1995. The following section summarizes key findings related to those questions and looks at some of the implications.

"What are the new expectations and roles for higher education given its changing 'clientele' and emerging state priorities?"

For many legislators, the only reasonable conclusion, when faced with the realities of increasing demand for higher education and growing concerns about its cost and affordability, is that "higher education cannot be all things to all people." Legislators express a concern about finding the balance between an "educated citizenry" and "a citizenry educated for the workplace." Considerable legislative debate centers around identifying the highest priorities for colleges and universities without, in most cases, reaching agreement on what role higher education needs to play in addressing long-term state needs.

The focus on undergraduate education as the core of the enterprise is reaffirmed. At the same time, improving critical connections to K-12 education is also a top priority. In part, this priority stems from an increasing concern about the number of students who enter higher education unable to do college level work. As a result, many states are considering raising college admissions standards, revising high school graduation requirements, and overhauling remedial education. Compared to elementary-secondary education, there is little legislative discussion of instructional quality in higher education, perhaps because quality is difficult to define, hard to measure, and challenging to legislate.

Most legislators want to maintain an "open door" while keeping standards high for some colleges and universities. The creation of more postsecondary alternatives such as trade schools, apprenticeship programs, and vocational-technical training would allow states to expand the range of opportunities. One significant aspect of this approach is a strengthened role for community colleges as the locus of remediation, job training, and transfer.

"How should higher education be organized and governed?"

In many states, legislatures are discussing the reorganization of higher education in terms of a desire to create new decentralized systems that will be less bureaucratic and less political. They also speak of changing the relationship between the legislature and the state's system of higher education. In general, institutions and their governing boards are being given more responsibility for how various decentralized functions are carried out and more direct control over resources. In some instances, legislatures are granting institutions the authority to increase tuition and prioritize spending in order to pay for salaries, library expenses, and campus expansions. The price associated with greater autonomy, however, is increased accountability and efficiency around statewide priorities.

"How can access to higher education be accommodated with limited state resources?"

Legislatures are proposing a variety of strategies to meet changing enrollment needs, while taking into consideration that the prospect remains dim for significantly increased higher education funding. Without exception, legislators report that technology will be a central remedy for addressing access concerns. Indeed, in many states the legislature sees the investment in hardware and technological upgrades as an alternative to building new campuses. Where new construction is planned, it is generally for purposes of building new community colleges or branch campuses.

Another key strategy is to create greater efficiencies related to student movement through the higher education system. This is a responsibility to be shared by both institutions and students. Legislators are very concerned about the time it takes for students to graduate. State policies for differential tuition rates or shortening the time it takes to get a degree through early enrollment and accelerated degree

programs are designed to give student incentives to graduate in a timely fashion.

"How should higher education be funded and held accountable for results?"

Legislators express serious concerns about the adequacy of the current level of funding for meeting higher education needs both now and in the future. The majority, however, do not anticipate increases or decreases in higher education's share of their state's total budget in the next few years. Instead, many states will rely on funding strategies such as adjusting the balance between public and private revenue sources and restructuring the process by which funds are distributed.

Put simply, the lower the state's average tuition and fees, the more likely the state legislature is to increase both in-state and out-of-state tuition rates. Legislators speculate that the reliance on out-of-state tuition as a revenue source will increase, but with limits on the number of out-of-state students allowed, the rate of increase, and the uses for additional revenue. At the same time, few legislators currently support shifting funds from institutional support to student financial aid programs, although many acknowledge that the high tuition/high aid strategy is being carefully examined. The very real concern is that tuition increases will continue to outpace increases in financial aid. Nearly half of the legislators stated that their legislatures would "adopt a new funding formula in the next three to five years," in most cases modifying the current formula to incorporate a greater focus on performance mechanisms.

IMPLICATIONS

Not all of the findings presented here are new or even surprising. And in many cases, the findings raise as many questions as they answer. What they do point to is a significant amount of legislative concern, debate, and activity in searching for remedies to the problems which challenge higher education in the 1990s. There are also commensurate responses evident in colleges and universities around the country. Colleges and universities report significant progress toward major realignment of their academic programs and services, often in response to external forces.[13]

Yet efforts of state legislatures and colleges and universities proceed

for the most part on parallel and uneven tracks without reaching common ground to address some of the most basic questions that should drive change: Should broad access to higher education be maintained? What are the long term economic and social implications of increased reliance on tuition as a means to pay for higher education? Has the time come to reconsider, as one editorial writer suggested recently, "the social compact that assumed the adult generation would pay for the college education of the next generation?"[14] Can the promise of new technology meet the challenge of providing quality education to a growing and diverse group of students?

These are questions that force a considered deliberation of core values, but they are political questions as well. The search for remedy that guides the future direction of higher education depends in large measure on how and by whom such questions are answered.

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APPENDIX A

HIGHER EDUCATION ISSUES SURVEY QUESTIONNAIRE

Q1. What were the higher education issues in your state this year?

Q2. Was any new legislation introduced related to any of the issues you've identified? If so, please explain.

Q2a. Would any of this require a change in your constitution or in legislative authority?

Q3. What (if any) higher education issues were studied by legislative committees prior to the current legislative session?

Q4. Are new tax cuts either being proposed or implemented in your state this year?

Q5. Does your state currently limit the number of years an individual can serve in the state legislature? If yes, how many years are terms limited to? If no, is there a proposal for term limits this year?

Q5a. How many years have you been in the legislature?

Q5b. How many years have you been the chair of the education committee?

Q5c. What is your political party affiliation?

Q6. During the next three to five years, do you think higher education's share of your total state budget will increase, decrease or stay about the same?

Q7. The following few questions deal with how certain elementary-secondary education policy issues may affect the way the legislature views higher education. I'm going to read you a list of some issues that have gained attention nationally for elementary-secondary education reform. As I read each item could you tell me whether it is or is not a legislative concern currently in your state?

7a. Content-based standards in K-12 subject areas?

7b. New funding strategies for K-12 education?

7c. Job skills training and identification of job skill competencies?
7d. Merit or performance pay for K-12 teachers?
7e. New high school graduation standards?
7f. School or statewide K-12 governance reform?
7g. New K-12 accountability measures?
7h. A guaranteed level of funding for K-12 education protected by constitutional, statutory or judicial authority?

Q8. Are there other elementary-secondary education policy issues which are currently legislative concerns in your state?

Q9. When you think about the elementary-secondary issues you've identified as current legislative concerns, have any of them affected the way you or the legislature views or approaches higher education issues? If so, which ones and in what ways?

Q10. I am now going to read you a series of statements about the degree of attention that colleges and universities give to their various roles and missions. I would like to get your opinion on how these statements apply to the colleges and universities generally in your state. Using a scale from 1 to 5 – where 1 is strongly disagree, 2 is somewhat disagree, 3 is neutral or no opinion, 4 is somewhat agree and 5 is strongly agree – what is your response to each of the following statements?

Colleges and universities should give more attention to...

1. ...elementary and secondary educational improvement.
2. ...basic research.
3. ...research directed toward solving social problems, such as poverty, health care, and environmental pollution.
4. ...job training and continuing education.
5. ...undergraduate instruction and advising.
6. ...remedial education for underprepared students.
7. ...graduate and professional programs.
8. ...teacher preparation.

Q11. Are there other areas where colleges and universities should give more or less attention or other comments about this topic you would like to add?

Q12. Is your state likely to experience higher education enrollment increases over the next decade?

Q13. I am going to read you a series of statements relating to strategies a state or its colleges or universities might adopt as a means to address enrollment needs and/or increased enrollment demand. For each of these strategies, I will first ask you to tell me whether you agree or disagree, using a scale from 1 to 5 – where 1 is strongly disagree, 2 is somewhat disagree, 3 is neutral or no opinion, 4 is somewhat agree and 5 is strongly agree. Then I will ask your opinion on whether the legislature will take any direct action on it in the next three to five years.

To meet enrollment needs or increased enrollment demands...

1. ...new campuses should be built.
   Legislative action in the next three to five years?
2. ...existing campus facilities should be expanded and/or renovated.
   Legislative action in the next three to five years?
3. ...the use of electronic technology in delivering educational instruction through, for example, distance learning or E-Mail should be expanded.
   Legislative action in the next three to five years?
4. ...more students should be routed through community colleges for the first two years of higher education.
   Legislative action in the next three to five years?
5. ...private colleges and universities should be relied on more.
   Legislative action in the next three to five years?
6. ...more alternatives to college, such as trade schools, vocational-technical training, and apprenticeships should be provided.
   Legislative action in the next three to five years?
7. ...the time needed for students to graduate from college should be shortened through, for example, accelerated three-year degree programs or allowing students to earn college credit while in high school.
   Legislative action in the next three to five years?
8. ...enrollment should be limited or managed through higher tuition or higher admission standards.
   Legislative action in the next three to five years?
9. ...faculty should be required to teach more courses or more hours.

Legislative action in the next three to five years?

10. ...resources should be shifted from graduate education and research to undergraduate instruction.
    Legislative action in the next three to five years?
11. ...differential tuition rates should be instituted to encourage students to graduate in four years or in a timely fashion.
    Legislative action in the next three to five years?

Q14. Are there other plans for accommodating anticipated increased enrollment demands that the legislature is likely to fvaor or other comments on this topic you would like to add?

Q15. Is the current level of funding for higher education in your state adequate to meet current needs?

Q15.a. Is the current level of funding adequate to meet future needs?

Q16. The next series of statements address possible funding options for higher education that could be used either individually or in combination. I would like to get your opinion on how likely the legislature in your state is to take action on any of the following options over the next three to five years. Again, using a scale from 1 to 5 – where 1 is strongly disagree, 2 is somewhat disagree, 3 is neutral or no opinion, 4 is somewhat agree and 5 is strongly agree, how would you respond to the following statements?

The legislature will take action over the next three to five years to...

1. ...increase state funding to higher education from such sources as lottery proceeds or bond issues.
2. ...charge resident students higher tuition.
3. ...charge non-resident students higher tuition.
4. ...link tuition increases to median family income, Consumer Price Index or some other measure of inflation.
5. ...increase state taxes.
6. ...adopt a "high tuition/high aid" plan whereby a portion of the increased revenue generated through higher tuition is turned into more financial aid for needy students.
7. ...shift funds from institutional support to student financial aid programs.
8. ...link funding to campus efforts to increase enrollment, grad-

uation rates or other measures of student or institutional performance.

9. ...link funding to identified statewide priorities for higher education.
10. ...adopt a [new] funding formula.

Q17. Are there other higher education funding options that the legislature might be likely to support or other comments on this topic you would like to add?

Q18. The next series of statements deal with the extent to which particular circumstances or certain kinds of information affect higher education funding. I would like to get your opinion as to the importance of these factors in determining higher education appropriations in your state. Once again, using a scale from 1 to 5 – where 1 is strongly disagree, 2 is somewhat disagree, 3 is neutral or no opinion, 4 is somewhat agree and 5 is strongly agree, how would you respond to the following statements?

A significant factor in determining how much money the legislature will appropriate for higher education is ...

1. ...the current level of funding for higher education in this state.
2. ...the ability of colleges and universities to provide for themselves through tuition, research funds and private gifts.
3. ...information about the projected basic needs of colleges and universities (such as fixed costs, planned salary increases, planned program improvement or expansion).
4. ...the reported results of how colleges and universities perform on specific measures related to such areas as access, quality, productivity or efficiency.
5. ...a documented accounting of how colleges and universities have used current funds.
6. ...limits on tuition rate increases, when institutions or systems voluntarily set them on their own.

Q19. Are there other kinds of information or other circumstances which affect how much money the legislature will appropriate for higher education or are there other comments on this topic you would like to add?

Q20. I would like to ask you to rate the extent to which you find information received from various sources useful or helpful in making policy decisions related to higher education. Using a scale from 1 to 5 – where 1 is not useful at all, 2 is of little use, 3 is neutral or no opinion, 4 is somewhat useful and 5 is very useful, how would you rate information received from:

20a. The Governor's office?
20b. The State higher education agency?
20c. College and university administrators?
20d. Constituents/taxpayers?
20e. Students?
20f. Business leaders?
20g. Other legislators?
20h. Faculty unions?
20i. Particular advisors or experts?
20j. Media?
20k. The Federal government?
20l. National or regional organizations?
20m. State legislative audit, research or review committees?

Q21. Are there other sources of information that you find useful or helpful in making policy decisions related to higher education or are there other comments on this topic you would like to add?

Q22. Are there other observations or comments on higher education in general or on any aspect of this survey that you would like to share?

APPENDIX B

RESEARCH METHODOLOGY

The Higher Education Issues Survey (HEIS) was designed to elicit the first-hand views of state legislative education committee chairs about higher education issues in their states. Survey objectives were to identify and clarify:

- states' legislative agendas for higher education currently and for the near future;
- strategies and policy options that state legislatures are likely to adopt to address identified issues; and
- political, economic, and social factors which influence legislative policy and budgetary decisions.

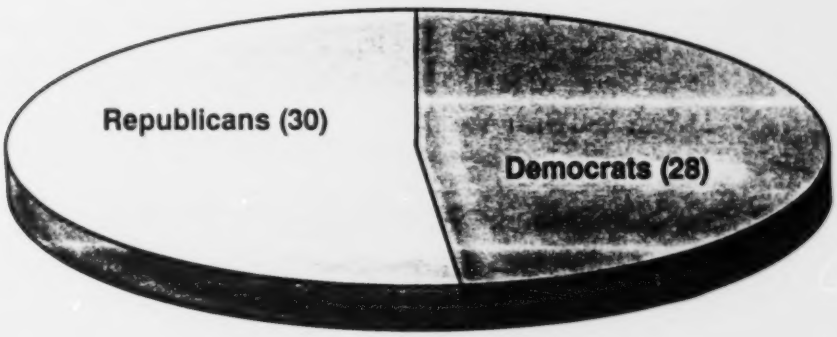
The survey instrument was developed by the author based on consultation with numerous individuals representing national, regional, and state higher education and policy organizations, four-year and community college systems, higher education faculty, and charitable foundations. The 22-item questionnaire, comprised of open-ended and closed-ended questions, was designed explicitly to be both impartial and non-partisan in its approach to higher education. Following a preliminary testing of the questionnaire with five respondents, the findings were reviewed with several knowledgeable individuals at a March, 1995 meeting. Based on that review, slight modifications were made in the construction of a few questions.

The HEIS sample included the 1995 education committee chairs in all 50 states. In states where there are higher education committees, those chairs were included in the sample. Following an introductory letter, legislators were contacted to schedule an interview time at their convenience. All the interviews were conducted by telephone from February through August, 1995. Whenever possible, interviews were scheduled after the 1995 legislative session had concluded or when full-time legislatures were on summer recess. The questionnaire was

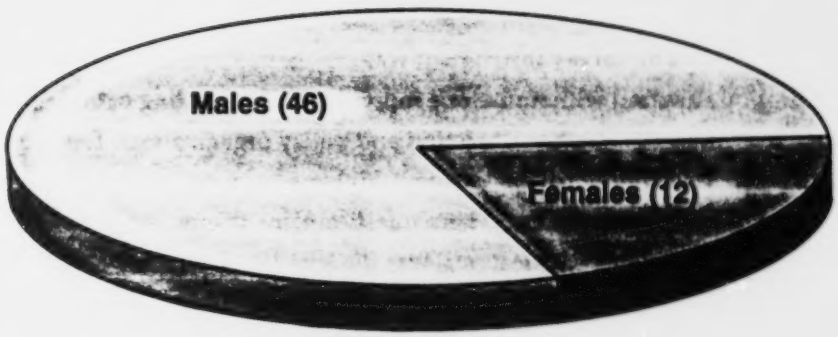
made available in advance if the legislators wished to review the questions or have it with them during the interview. The length of the interviews ranged from 20 to 90 minutes, with the average time approximately 50 minutes.

PROFILE OF SURVEY RESPONDENTS

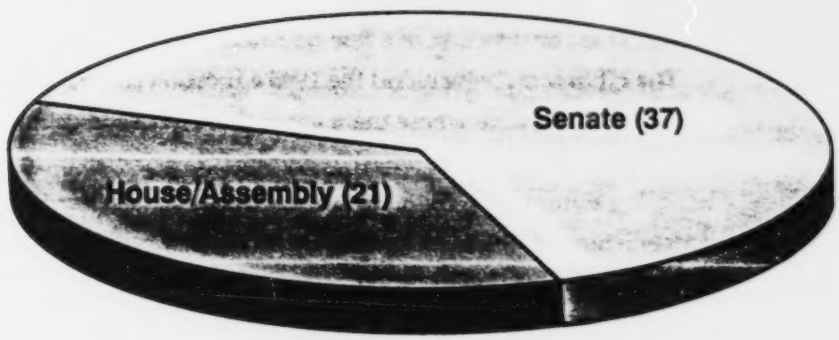
POLITICAL PARTY



GENDER

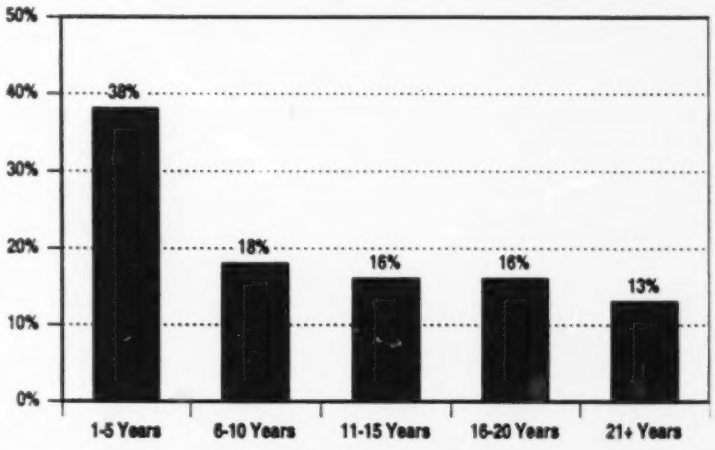


CHAMBER

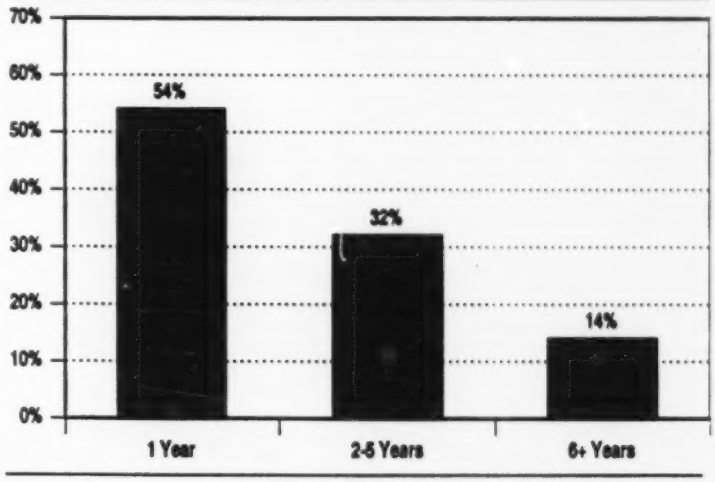


Survey findings are derived from 58 interviews with house and senate education committee chairs in 49 states. (An interview in Wisconsin could not be scheduled due to time constraints.) In nine states, the chairs of both chambers were interviewed. Survey findings were analyzed along with the seven higher education variables described in *Appendix C* using both qualitative and quantitative methods. Qualitative analysis of the data was conducted using Nonnumerical Unstructured Data Indexing Searching and Theorizing software. Statistical Package for the Social Sciences software was employed for purposes of quantitative data analysis. The National Education Association contracted with OMNI Research and Training, Inc. of Littleton, Colorado to assist in designing and conducting the analysis.

NUMBER OF YEARS SERVED IN STATE LEGISLATURE



NUMBER OF YEARS AS EDUCATION COMMITTEE CHAIR



APPENDIX C

STATE DATA TABLE

State	Regions[1]	Govern. Struct.[2]	Average Tuition & Fees[3]	Tuition As % of Approp.[4]	% Chg/ In State Approp.[5]	States Spend >$1B[6]	%Chg. In HS Grad.[7]
AK	WICHE	CGB, CBA	$1908	15.70	-2	N	33
AL	SREB	CBR	$1983	37.90	23	Y	0
AR	SREB	CBR	$1808	31.20	3	N	4
AZ	WICHE	CGB	$1819	30.70	9	N	46
CA	WICHE	CBA	$2378	19.50	-6	Y	43
CO	WICHE	CBR	$2262	47.40	3	N	33
CT	NEBHE	CBR	$3479	32.40	15	N	19
DE	Mid-At	PA	$3684	55.70	12	N	32
FL	SREB	CGB, CBA	$1784	23.60	16	Y	51
GA	SREB	CGB	$1894	25.40	19	Y	29
HI	WICHE	CGB	$1455	10.60	5	N	16
IA	MHEC	CGB	$2352	33.70	6	N	-3
ID	WICHE	CGB	$1498	15.60	19	N	4
IL	MHEC	CBR	$3029	20.90	9	Y	12
IN	MHEC	CBR	$2621	39.60	3	N	1
KS	MHEC	CGB	$1921	29.50	7	N	11
KY	SREB	CBR	$1913	31.90	8	N	-5
LA	SREB	CBR	$2182	41.50	2	N	-13
MA	NEBHE	CBR	$4142	36.90	N/A	N	22
MD	SREB	CBR	$3120	40.30	5	N	30
ME	NEBHE	CGB	$3139	34.80	1	N	8
MI	MHEC	PA	$3481	44.60	4	Y	7
MN	MHEC	CBA	$2780	30.50	7	Y	20
MO	MHEC	CBR	$2475	39.20	14	N	8
MS	SREB	CGB	$2370	38.80	45	N	-5
MT	WICHE	CGB	$1890	35.60	-8	N	16
NC	SREB	CGB	$1409	19.70	12	Y	17
ND	WICHE	CGB	$2128	34.30	-5	N	-12

State	Regions[1]	Govern. Struct.[2]	Average Tuition & Fees[3]	Tuition As % of Approp.[4]	% Chg/ In State Approp.[5]	States Spend >$1B[6]	%Chg. In HS Grad.[7]
NE	MHEC	CBR	$1939	27.60	4	N	6
NH	NEBHE	CGB, PA	$3833	63.30	15	N	36
NJ	Mid-At	CBR	$3518	28.90	2	Y	16
NM	WICHE	CBA	$1731	19.10	20	N	20
NV	WICHE	CGB	$1538	17.40	-6	N	71
NY	Mid-At	CBR	$2921	27.80	12	Y	11
OH	MHEC	CBR	$3259	44.60	13	Y	2
OK	SREB	CBR	$1645	23.70	-3	N	2
OR	WICHE	CGB, PA	$2833	33.80	-10	N	18
PA	Mid-At	CBA	$4316	46.90	11	Y	14
RI	NEBHE	CGB	$3402	48.20	16	N	22
SC	SREB	CBR	$2891	39.40	3	N	4
SD	WICHE	CGB	$2288	39.80	8	N	7
TN	SREB	CBR	$1797	28.90	14	N	9
TX	SREB	CBR	$1503	25.00	11	Y	21
UT	WICHE	CGB	$1964	27.40	13	N	-2
VA	SREB	CBR	$3639	44.40	4	N	24
VT	NEBHE	CGB, PA	$5536	78.40	-2	N	16
WA	WICHE	CBR	$2337	23.20	-1	N	32
WI	MHEC	CGB	$2318	33.20	8	N	10
WV	SREB	CGB	$1875	42.30	7	N	-21
WY	WICHE	CGB	$1648	19.50	5	N	-12

NOTES

1. State Higher Education Regional Compacts/Groupings.
   - SREB: Southern Regional Education Board
   - WICHE: Western Interstate Commission for Higher Education
   - MHEC: Midwestern Higher Education Commission
   - NEBHE: New England Board of Higher Education
   - Mid-At: Mid-Atlantic States

2. Governance Structure: Classification systems to describe variations in state structures.
   - CGB: Consolidated Governing Boards
   - CBR: Coordinating Boards, Regulatory

CBA: Coordinating Boards, Advisory

PA: Planning Agencies

Source: Education Commission of the States, 1994.

3. Average Tuition and Fees, 1993-94: Figures cover undergraduate charges and are weighted by fall, 1992 FTE undergraduate enrollment. The figures are for public 4-year institutions and represent charges to state residents.
   Source: U.S. Department of Education

4. Tuition as a Percent of Appropriations, 1993-94: Student tuition revenues as a percent of total revenues from state and local government education appropriations plus student tuition revenues. This ratio suggests the relative importance of student tuition as a funding source compared to state – local appropriations.
   Source: Research Associates of Washington, 1994.

5. Two Year Percent Change In Appropriation, 1994-95: Figures include state tax funds appropriated for colleges and universities, for student aid, and for governing and coordinating boards.
   Source: Edward R. Hines, Illinois State University, 1995.

6. "Megastates:" States which appropriate more than $1 Billion in state higher education support annually.
   Source: Edward R. Hines, Illinois State University, 1995.

7. Projected Change in the Number of High School Graduates, 1995-96 to 2005-06: Projections cover both public and non-public high school graduates as of August, 1993.
   Source: Western Interstate Commission for Higher Education.